

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 780 - SB 771

March 8, 2021

SUMMARY OF ORIGINAL BILL: Effective October 1, 2021, makes various, non-significant changes to licensing requirements under the Tennessee Board of Court Reporting, Board of Credit Services Businesses, Board of Debt-Management Services, Motor Vehicle Commission, Board of Cosmetology and Barbers, Board for Licensing Contractors, Tennessee Real Estate Commission, Auctioneer Commission, and the Board of Real Estate Appraisers.

Establishes that funeral directors selling pre-need funeral contracts only on behalf of a funeral home they own, in whole or in part, do not have to be registered as a pre-need sales agent.

Deletes the requirement of a licensed scrap metal dealer to register scrap metal businesses.

Deletes the requirement of a licensed locksmith to obtain licensure for a locksmith company if the locksmith is a sole practitioner.

Deletes the requirement for collection services agencies to obtain a solicitor identification card for each employee. Deletes the requirement for collection services agencies with multiple places of business to obtain a branch license.

Deletes the requirement for members of the Tennessee Athletic Commission to meet at least quarterly.

Authorizes any regulatory board under the Division of Regulatory Boards (Division), with the permission of the Commissioners of the Department of Commerce and Insurance (DCI) and Finance and Administration (F&A), to use board account funds or reserve funds for capital purchases, marketing programs, educational programs, legal fees, and other initiatives.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue - \$36,000/FY21-22/Division of Regulatory Boards
\$48,000/FY22-23 and Subsequent Years/
Division of Regulatory Boards

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Expenditures - \$36,000/FY21-22
\$48,000/FY22-23 and Subsequent Years

SUMMARY OF AMENDMENT (004488): Deletes and rewrites provisions of the original bill such that the only substantive change is requiring the Commissioner of the DCI to provide an annual report to the Chairs of the Finance, Ways and Means Committees of the Senate and House of Representatives if any regulatory board's reserve funds were expended to administer the programs of such board by December 31.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the DCI, approximately 400 pre-need sales agents are also licensed as funeral directors.
- According to IBISWorld, FuneralWise, and the National Funeral Directors Association, 80 percent of funeral homes are privately owned, primarily by families.
- Pre-need sales agents pay a \$150 renewal fee every two years.
- A recurring decrease in state revenue to the Board of Funeral Directors and Embalmers, of \$24,000 $[(400 \times 80.0\%) \times \$150 / 2 \text{ years}]$.
- According to a roster on the DCI website, there are 191 active scrap metal business licenses.
- Scrap metal dealers pay a renewal fee of \$125 for each business location every two years.
- A recurring decrease in state revenue to the Scrap Metal Registration Program, of \$11,938 $[(191 \times \$125) / 2]$.
- According to a roster on the DCI website, there are 221 active locksmith company licenses.
- Approximately 30 percent of licensed locksmiths are sole proprietors and would no longer be required to license their company.
- Locksmith company licenses are renewed on a two-year basis for a fee of \$175.
- A recurring decrease in state revenue of \$5,801 $[(221 \times 30.0\%) \times \$175 / 2 \text{ years}]$.
- Pursuant to Tenn. Code Ann. § 62-11-106(2)(B), any money collected pursuant to the Locksmith Licensing Act is required to be deposited in the Locksmith and Private Security regulatory fund.
- Revenue from locksmith licensing is collected under the Board of Private Protective Services (BPPS), along with revenue from occupational licensing for contract security companies, and armed/unarmed security guard/officers.
- According to DCI, it is unknown how much of the BPPS total reserve is attributed to locksmith licensing revenue.
- According to the DCI, approximately 20 solicitor identification cards are requested for employees of collection services agencies per month.
- Identification cards are \$25 each and don't require a renewal fee.

- A recurring decrease in state revenue to the Board of Collection Services of \$6,000 (20 x 12 x \$25).
- According to a roster on the DCI website, there are five active collection service agency branch licenses.
- Branch licenses are renewed on a two-year basis for a fee of \$100.
- A recurring decrease in state revenue to the Board of Collection Services of \$250 [(5 x \$100) / 2 years].
- Pursuant to Tenn. Code Ann. § 68-115-108(a), members of the Tennessee Athletic Commission are required to meet at least quarterly, but are authorized to meet as often as needed.
- The proposed legislation deletes the requirement to meet at least quarterly. According to DCI, members are not reimbursed for travel; therefore, reducing the number of required meetings will not reduce any expenditures on behalf of the Commission.
- The Commissioner of the DCI can submit a report to the Finance, Ways and Means Committees in years where reserve board funds were expended to administer board programs within existing resources.
- A total recurring decrease in state revenue, to the Division, of \$47,989 (\$24,000 Board of Funeral Directors and Embalmers + \$11,938 Scrap Metal Registration Program + \$5,801 Board of Private Protective Services + \$6,250 Board of Collection Services).
- For the purposes of rulemaking, the proposed legislation takes effect upon becoming a law. Any aforementioned Board or Commission within the Division can accomplish the necessary rulemaking within existing resources.
- For the licensure requirement changes, an effective date of October 1, 2021. The first year decrease in state revenue to the Division in FY21-22 will be \$35,992 (\$47,989 x 75.0%).
- A recurring decrease in state revenue to the Division of \$47,989 in FY22-23 and subsequent years.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Court Reporters experienced a deficit of \$11,560 in FY18-19, a surplus of \$61,782 in FY19-20, and had a cumulative reserve balance of \$193,910 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Credit Services Businesses experienced a deficit of \$5,157 in FY18-19, a deficit of \$10,253 in FY19-20, and had a cumulative reserve balance of \$-26,155 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Debt Services Businesses experienced a surplus of \$50,021 in FY18-19, a surplus of \$16,387 in FY19-20, and had a cumulative reserve balance of \$163,641 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Cosmetology & Barber Examiners experienced a surplus of \$284,185 in FY18-19, a surplus of \$156,438 in FY19-20, and had a cumulative reserve balance of \$1,054,296 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Contractors & Home Improvement

experienced a surplus of \$81,710 in FY18-19, a surplus of \$10,968 in FY19-20, and had a cumulative reserve balance of \$2,720,561 on June 30, 2020.

- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Real Estate Commission experienced a surplus of \$561,680 in FY18-19, a surplus of \$615,396 in FY19-20, and had a cumulative reserve balance of \$6,616,421 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Auctioneers experienced a surplus of \$11,415 in FY18-19, a deficit of \$7,513 in FY19-20, and had a cumulative reserve balance of \$464,757 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Real Estate Appraisers experienced a surplus of \$58,082 in FY18-19, a surplus of \$309,581 in FY19-20, and had a cumulative reserve balance of \$2,688,650 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Funeral Directors & Embalmers experienced a deficit of \$148,559 in FY18-19, a surplus of \$181,254 in FY19-20, and had a cumulative reserve balance of \$1,296,374 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Scrap Metal Registration Program experienced a deficit of \$5,164 in FY18-19, a deficit of \$23,327 in FY19-20, and had a cumulative reserve balance of \$325,048 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Private Protective Services experienced a surplus of \$366,435 in FY18-19, a surplus of \$330,287 in FY19-20, and had a cumulative reserve balance of \$3,096,365 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Board of Collection Services experienced a surplus of \$147,712 in FY18-19, a surplus of \$75,654 in FY19-20, and had a cumulative reserve balance of \$884,658 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Athletic Commission experienced a surplus of \$40,956 in FY18-19, a surplus of \$2,510 in FY19-20, and had a cumulative reserve balance of \$18,919 on June 30, 2020.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Division of Regulatory Boards experienced a surplus of \$2,141,317 in FY18-19, a surplus of \$2,246,372 in FY19-20, and had a cumulative reserve balance of \$33,213,878 on June 30, 2020.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- A total recurring decrease in business expenditures of \$47,989 (\$24,000 Board of Funeral Directors and Embalmers + \$11,938 Scrap Metal Registration Program + \$5,801 Board of Private Protective Services + \$6,250 Board of Collection Services).
- For the licensure requirement changes, an effective date of October 1, 2021. The first year decrease in business expenditures in FY21-22 will be \$35,992 (\$47,989 x 75.0%).
- A recurring decrease in business expenditures of \$47,989 in FY22-23 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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